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The President's Daily Brief

July 26, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

July 26, 1974

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PRINCIPAL DEVELOPMENTS

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Libya

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USSR. (Page 1)

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Cyprus was relatively quiet yesterday, although the Turks continued to bring in reinforcements. The Geneva talks on the Cyprus issue began last night as scheduled. (Page 2)

France is engaged in a thorough review of defense policy, which could lead to "certain changes in direction," according to Defense Minister Soufflet.

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The British Labor government's political commitment to re-examine Britain's participation in the EC apparently was behind London's opposition this week to a new EC common energy policy. (Page 4)

Soviet President Podgorny, during his recent visit to Mogadiscio, reportedly offered Somalia some aid to reduce the burden of high petroleum prices. (Page 5)

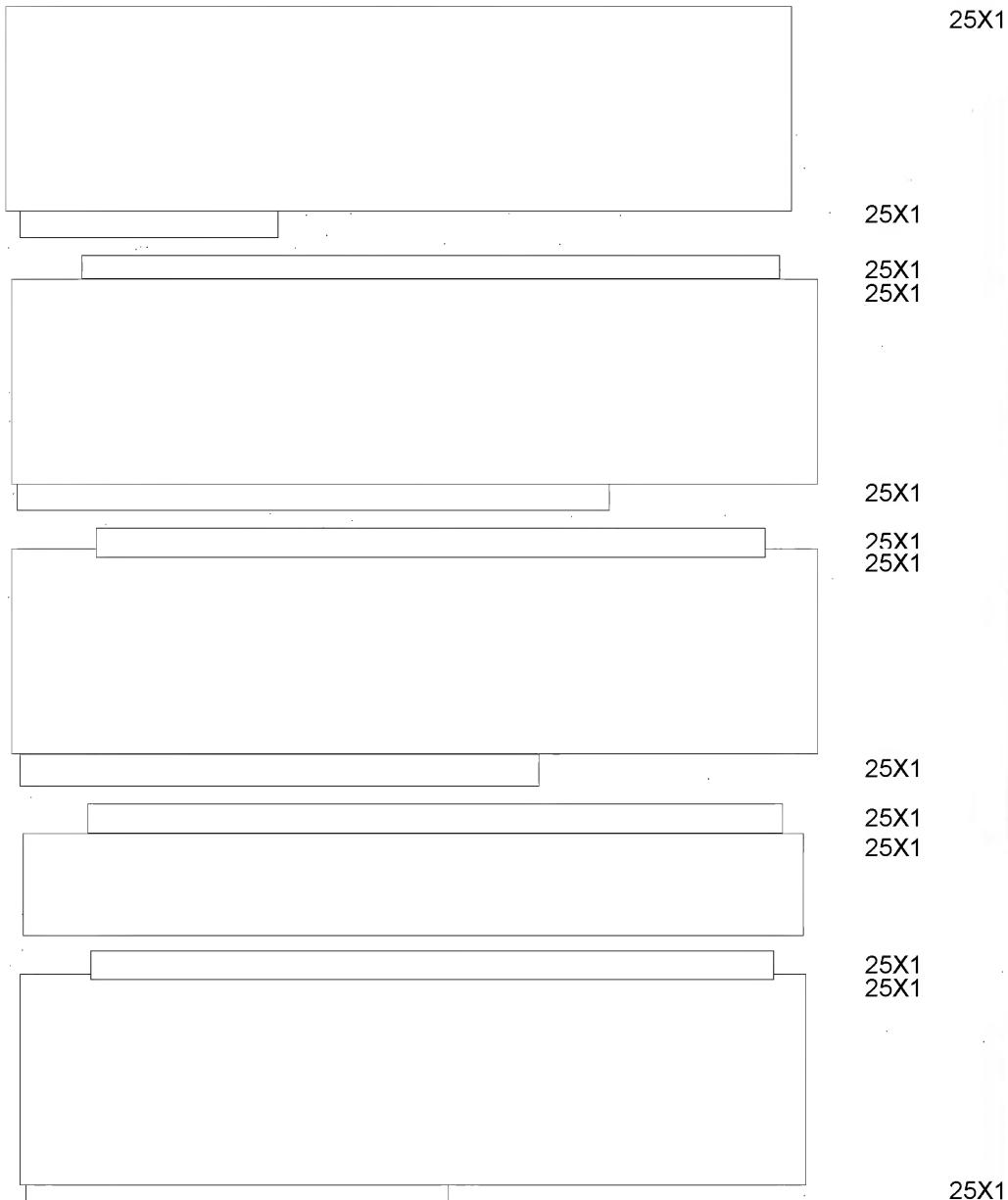
In Ethiopia, the military is still moving gradually to circumscribe Haile Selassie's power. The army is also taking care to prevent widespread reverence for the Emperor from interfering with the military's plans. (Page 6)

A note on Laos appears on Page 7.

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LIBYA-USSR



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CYPRUS

Cyprus was relatively quiet yesterday. [redacted]

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[redacted]

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[redacted] Turkish armored columns also moved out to assist the inhabitants of some Turkish Cypriot villages northeast of Nicosia that had been abandoned or had surrendered to Greek Cypriot forces over the past few days.

In a call to the US ambassador, the senior UN representative on Cyprus asked for "Great Power" help in halting the Turkish advance. The UN has been unable to establish liaison with Turkish army forces on the island.

Greek, Turkish, and British representatives met in Geneva last night. Their initial talks were devoted largely to procedural matters, although the Greeks and Turks traded accusations of cease-fire violations. The Greek foreign minister insisted that the Geneva conference should be strictly limited to implementation of the Security Council cease-fire resolution. His Turkish counterpart advocated broadening its scope to encompass questions of the future political organization of Cyprus.

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FRANCE

Paris is engaged in a thorough review of its defense policy, which could lead to "certain changes in direction," according to Defense Minister Soufflet. In a recent conversation with Ambassador Irwin, Soufflet said France's economic problems may make it necessary to reduce defense expenditures. The government, he said, may be forced to set new priorities among France's ambitious technological programs in both military and civilian fields--including nuclear weapons, missiles, and the Concorde aircraft.

According to an Elysée press announcement, President Giscard will devote all next week to the review; Soufflet suggested that the review may go on for several months.

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EUROPEAN COMMUNITY

The British Labor government's political commitment to re-examine Britain's participation in the EC apparently was behind London's opposition this week to a new EC common energy policy. The British may block progress by the community in other new areas as well.

The Labor government probably also opposed the EC energy policy because many voters fear Britain would be deprived of control over its North Sea oil resources as a result of a joint energy strategy.

Although British officials emphasize that London remains committed to the work of the Energy Coordinating Group established last February in Washington, the British action was a setback. [redacted]

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USSR-SOMALIA

Soviet President Podgorny, during his recent visit to Mogadiscio, reportedly offered Somalia aid to reduce the burden of high petroleum prices. Somalia would use the proceeds from the sale of \$4 million of Soviet commodities, made available under a new agreement, to subsidize domestic oil prices. Moscow will also provide the country's military establishment with 50,000 tons of oil during the next three years as grant aid.

Nevertheless, the USSR, which supplies 75 percent of Somalia's total oil imports of about 2,000 barrels per day, refused to lower the prices of Soviet oil products. At current prices, Soviet oil will cost Mogadiscio about \$8 million this year, compared with only \$2.6 million in 1973. Most of this difference will be covered by the Soviet subsidy, placing Moscow in the position of giving with one hand but taking away with the other.

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ETHIOPIA

The Armed Forces Coordinating Committee, the politically dominant force in Ethiopia, continues to move to circumscribe Haile Selassie's power. At the same time, the military is trying to prevent widespread reverence for the Emperor from interfering with the military's plans.

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Meanwhile, the armed forces committee has taken steps to assure the rural population that the military has no designs against the Emperor himself. Thus far, the committee has been successful in countering attempts by provincial aristocrats to stir up the peasants. For his part, the 82-year-old Emperor appears willing to accept figurehead status.

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NOTE

Laos: Yesterday's cabinet meeting, which focused on the country's deteriorating financial condition, was the first since Prime Minister Souvanna's heart attack on July 12. The meeting was chaired jointly by non-Communist Deputy Prime Minister Leuam Insisiengmay and Pathet Lao counterpart Phoumi Vongvichit.

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